

[28 November, 2006]

RAJYA SABHA

of dedicated Rail freight corridors along identified routes, development of berths under PPP in major ports, development of metro and non-metro airports and attracting private investment to fulfill the investment requirements in various infrastructure sectors.

(b) Private investment is allowed in all identified infrastructure sectors namely, road, port, airports, railways, power and urban infrastructure. The investment requirements estimated by Planning Commission are Rs. 2,20,000 crore in the Highways sector by 2012, Rs. 40,000 crore for airports by 2010 and Rs. 50,000 crore for the ports sector by 2012.

(c) FDI has been permitted in various infrastructure sectors under automatic route. Recently a viability gap support scheme has been announced by the Govt, for infrastructure sectors under which Government will provide a capital grant at the stage of project construction upto 40% of the total project cost. A SPV named Indian Infrastructure Finance Company Ltd. (IIFCL) has been set up for the purpose of providing long term debt to infrastructure projects.

#### **Monitoring of inflationary trends**

611. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether RBI has a mandatory duty to monitor the economy for inflationary or deflationary tendencies;

(b) the details of the mandate of RBI in this regard;

(c) when specifically did the RBI detect the emergence of inflationary pressure in the current fiscal;

(d) whether it is a fact that RBI did not recognize such pressure at an early date; and

(e) the steps proposed to have multiple agencies monitor inflation instead of the RBI alone?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The preamble to the Reserve Bank of India (RBI) Act, 1935 authorises the RBI to "regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage". In view of this mandate, the RBI, at the beginning of

each financial year, presents its Annual Policy Statement covering its assessment of macro economic and monetary conditions including outlook for inflation for the year and the overall policy stance.

(c) and (d) The Annual Policy Statement for 2006-07 issued in April 2006, among other things, had stated that the overall stance of monetary policy would be to ensure a monetary and interest rate environment that enables continuation of growth momentum consistent with price stability while being in readiness to act in a timely and prompt manner on any signs of evolving circumstances impinging on inflation expectations. Taking into account the macro economic and overall monetary conditions, the RBI had hiked repo rate to 6.75 per cent on June 9, 2006, to 7.00 per cent on July 25, 2006 and further to 7.25 per cent on October 31, 2006.

(e) While monetary policy is under the purview of RBI, fiscal policy comes under the domain of the Government. As such, there is no proposal to have multiple agencies to monitor inflation.

### **"Refund Banker" for income tax refunds**

612. SHRI V. HANUMATHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government will launch a pilot project called "Refund Banker" to ensure that income tax refunds are returned in a fast and transparent manner;

(b) if so, the details of this "Refund Banker" scheme;

(c) the steps Income Tax Department is taking for transparent and a friendly system of returning refunds; and

(d) the monitoring system presently in place to check harassment and non return of refunds on flimsy grounds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes Sir.

(b) Under the scheme of "Refund Banker", the designated bank will be issuing to the taxpayers the refund as determined by the Income Tax Department, either through a cheque or direct credit in the bank account of the taxpayers. The scheme is proposed to be initially launched as a pilot project in one metropolitan and one non-metropolitan city for three months.